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"TURBULENCE ACROSS THE ATLANTIC" : Speech by President Thorn on EEC/US relations

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Set out below are some key extracts (1) of the speech given by Mr Thorn, President of the European Commission, to today's meeting of the American-European Community Association in New York.

Mr Thorn's review of relations between the Community and the United States is framed in the general context of the crucial importance to world trade of the link between the EEC, which as a bloc accounts for one fifth of world trade, and the United States, whose "foreign trade accounted for no less than 14% of American GNP in the second quarter of this year" - "a dramatic change" from the much smaller proportion of trade in US GNP at the start of the 1970's. Trade across the Atlantic cannot be allowed to falter, protectionism must be resisted and "the Commission for its part remains totally committed to the Williamsburg declaration" agreed in May this year.

- On three examples of current US/EEC problems : "We are arguing about the compensation due to us for the recent US action to restrict imports of specialty steel - an action we do not think compatible with the ringing words of the Williamsburg declaration"; "we are arguing about the terms of legislation to replace the Export Administration Act when it runs out at the end of this month - we believe that the US practice of ordering companies trading in other countries to stop the supply of goods for US policy reasons is incompatible with international law"; "we face in terms of agriculture a very difficult year - we disagree with your recent subsidized sales of wheat flour and dairy products in our traditional markets in Egypt".
- On transatlantic problems : "The European Community is still the American farmers' largest customer. In 1982 we ran a farm deficit with the United States of just over 6 billion dollars".
- On industrial subsidies : "Here again the illusion prevails that the United States is one of the last bastions of industrial free enterprise while others including Europe are subsidizing themselves as if money grew on trees. True the steel industry in certain Member States has benefited from extensive government subsidies, but... from 1985 the intention is to eliminate them entirely". In the United States, meanwhile, "while Federal money is not given to the US steel industry, a widespread and tough reduction in imports enshrined in the agreement on carbon steel last year is just as effective a prop and in economic terms no more defensible". Also "just under half of your (American) R&D expenditure including both defence and non-defence is funded by the Government".

(1) These extracts to be checked against delivery